Milliman

80 Lamberton Road
Windsor, CT 06095
USA

Main +1 860 687 2110
Fax +1 860 687 2111

milliman.com

January 27, 2016

PERSONAL & CONFIDENTIAL

Ms. Ann Harter
Director of Finance
Town of Newington
131 Cedar Street
Newington, CT 06111

Re: Town of Newington Pension Plans
Actuarial Reports for Fiscal Year 2016-2017

Dear Ann:

We are pleased to provide these actuarial reports for the Town of Newington Pension Plans. The reports show the financial status of the plans as of July 1, 2015 and present the cost figures for 2016-2017. A summary of the principal results of each valuation can be found at the end of Section I.

The Actuarially Determined Contributions for FY 2016-2017 are shown below:

	Administrative Plan	**Municipal Plan**	**Police Plan**	**Total**
Town	$391,798	$727,012	$3,515,356	$4,634,166
Board of Education	63,660	967,677	0	1,031,337
Total	455,458	1,694,689	3,515,356	5,665,503

Please let me know if you have any questions.

Sincerely,

Becky

Rebecca A. Sielman, FSA
Consulting Actuary

RAS:dlc 10 NEW012716PensionReportCoverLetter

Milliman Actuarial Valuation

TOWN OF NEWINGTON
ADMINISTRATIVE EMPLOYEES' PENSION PLAN

Actuarial Valuation as of July 1, 2015
For Fiscal Year 2016-17

Prepared by

Rebecca A. Sielman, FSA
Consulting Actuary

80 Lamberton Road
Windsor, CT 06095 USA
Tel +1 860.687.2110
Fax +1 860.687.2111
milliman.com

January 27, 2016

Table of Contents

Certification

We have performed an actuarial valuation of the Plan as of July 1, 2015 for fiscal year 2016-17. This report presents the results of our valuation.

The ultimate cost of a pension plan is the total amount needed to provide benefits for plan members and beneficiaries and to pay the expenses of administering the plan. Pension costs are met by contributions and by investment return on plan assets. The principal purpose of this report is to set forth an actuarial recommendation of the contribution, or range of contributions, which will properly fund the plan, in accordance with applicable government regulations. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Information needed to meet disclosure requirements.
- Review of plan experience for the previous year to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

This report may not be used for purposes other than those listed above without Milliman's prior written consent. If this report is distributed to other parties, it must be copied in its entirety, including this certification section.

Milliman's work is prepared solely for the internal business use of the Town. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s): (a) the Town may provide a copy of Milliman's work, in its entirety, to the Town's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Town; and (b) the Town may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the Town. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Certification

The calculations reported herein have been made on a basis consistent with our understanding of ERISA and the related sections of the tax code. Additional determinations may be needed for purposes other than meeting funding requirements, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices.

We further certify that, in our opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations or would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption, method, or technique were reasonable. Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurement.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuary is independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Rebecca A. Sielman, FSA
Consulting Actuary

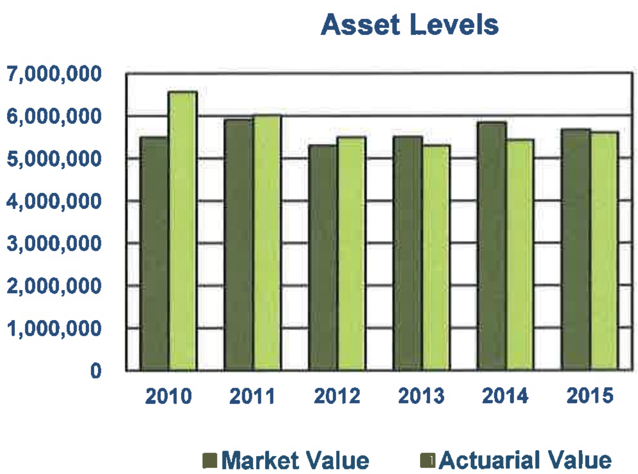
Section I - Executive Summary
A. Highlights

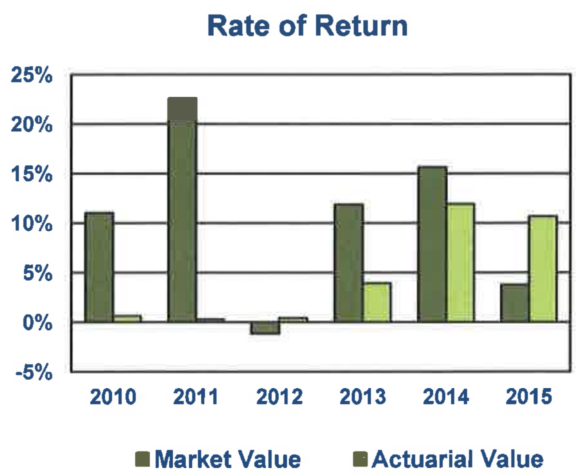
Assets

There are two different measures of the plan's assets that are used throughout this report. The **Market Value** is a snapshot of the plan's investments as of the valuation date. The **Actuarial Value** is a smoothed asset value designed to temper the volatile fluctuations in the market by recognizing investment gains or losses over five years.

	Market	Actuarial
Value as of July 1, 2014	$5,843,728	$5,426,265
Contributions	476,367	476,367
Investment Income	212,933	558,529
Benefit Payments and Administrative Expenses	(859,956)	(859,956)
Value as of July 1, 2015	5,673,072	5,601,205

For fiscal year 2014-15, the plan's assets earned 3.77% on a Market Value basis and 10.67% on an Actuarial Value basis. The actuarial assumption for this period was 7.50%; the result is an asset loss of $210,700 on a Market Value basis and a gain of $165,900 on an Actuarial Value basis. Historical asset values are shown in the graph below to the left; historical returns are shown in the graph below to the right.



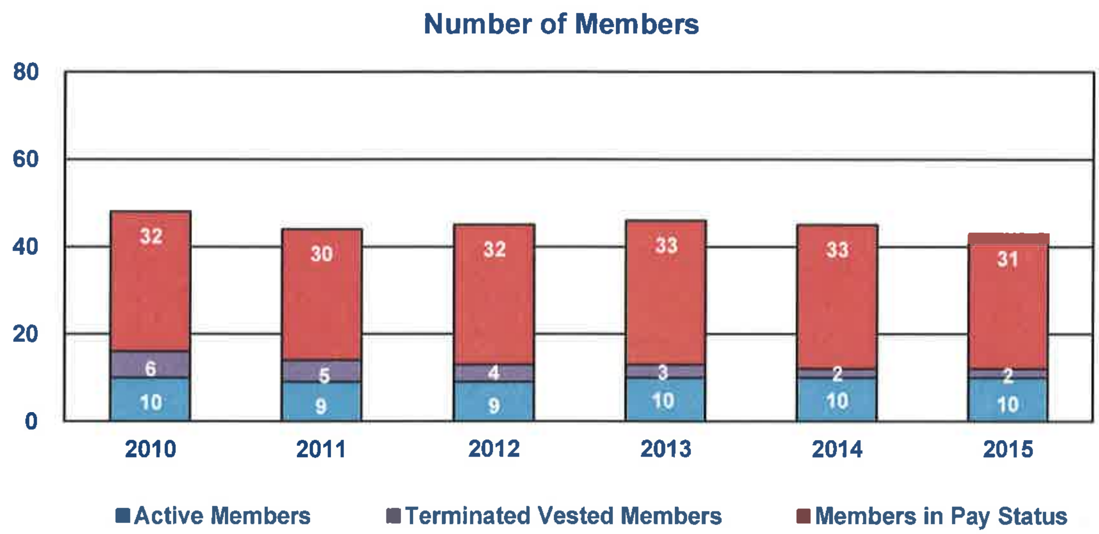


Please note that the Actuarial Value currently is less than the Market Value by $71,900. This figure represents investment gains that will be gradually recognized over the next five years. This process will exert downward pressure on the Town's contribution, unless there are offsetting market losses.

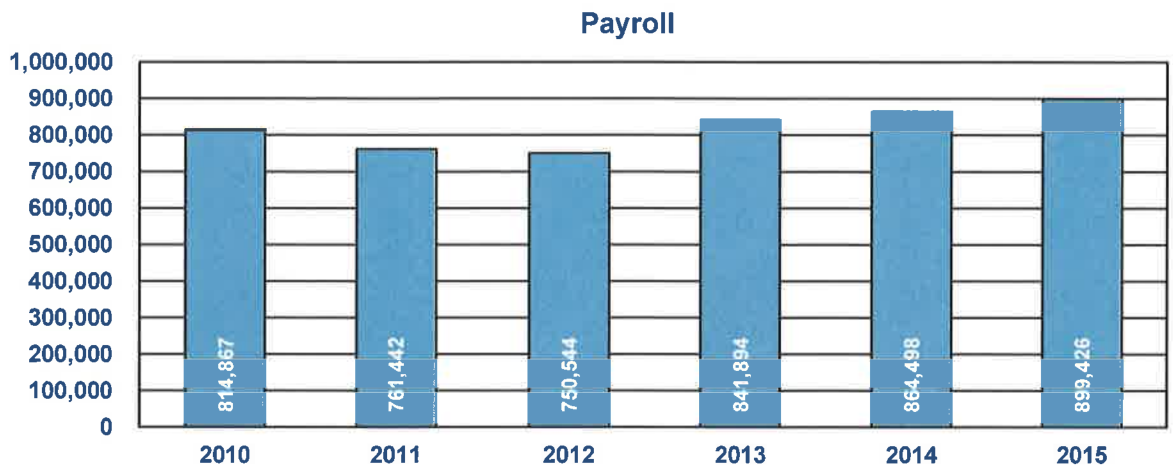
Section I - Executive Summary
A. Highlights

Membership

There are three basic categories of plan members included in the actuarial valuation: (1) active employees who have met the eligibility requirements for membership, (2) former employees who have a vested right to benefits but have not yet started collecting, and (3) members who are receiving monthly pension benefits.



From July 1, 2014 to July 1, 2015, the overall membership decreased from 45 to 43. During this period, two retirees died without benefits continuing to a beneficiary.



Section I - Executive Summary
A. Highlights

Plan Changes

None.

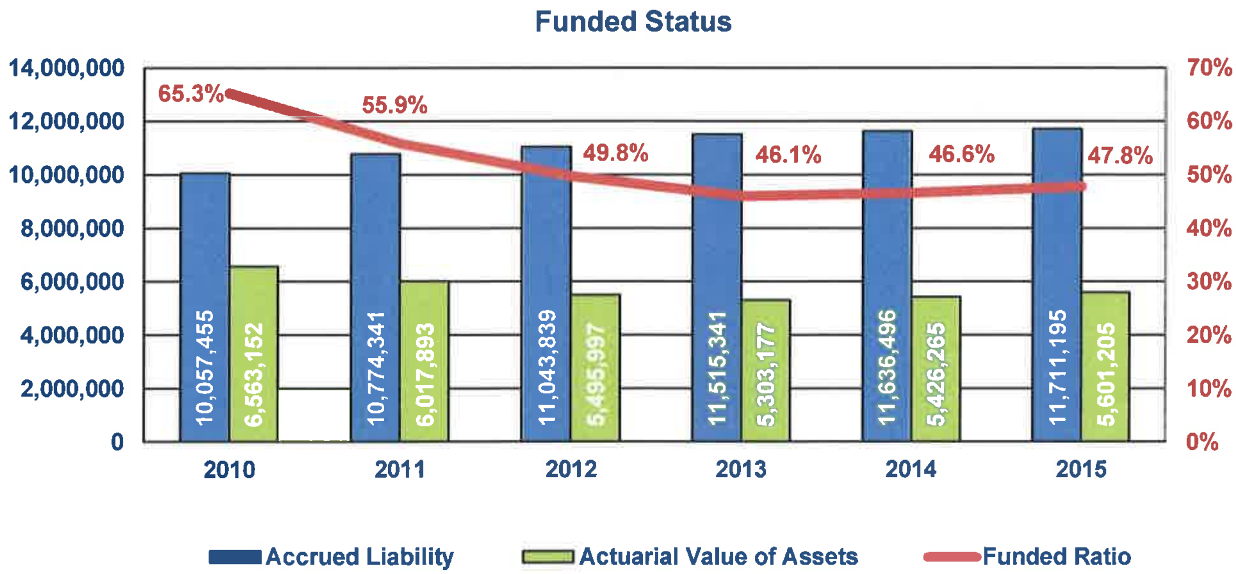
Changes in Actuarial Methods or Assumptions

In order to better anticipate future market returns, we have lowered the interest rate assumption from 7.5% to 7.375%. This change increased the Unfunded Accrued Liability by $131,000 and increased the Actuarially Determined Contribution by $6,900. We will continue to reduce the interest rate assumption by increments over the next several years.

Section I - Executive Summary
A. Highlights

Funded Status

The chart below shows the plan's Accrued Liability and Actuarial Value of Assets for the past few years. Since investment gains and losses are recognized gradually over a five year period, the large market losses suffered in 2007-08 and 2008-09 are manifested by a gradual decline in the funded ratio. Absent future market losses, the funded ratio should start to rise.

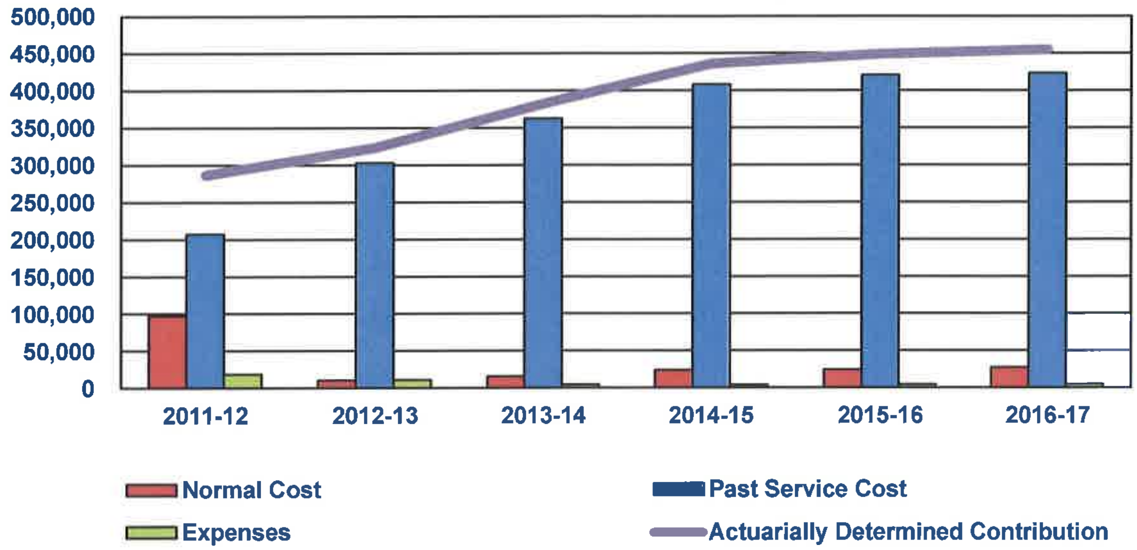


Section I - Executive Summary
A. Highlights

Actuarially Determined Contribution

The Actuarially Determined Contribution consists of three pieces: a **Normal Cost** payment to fund the benefits earned each year, a **Past Service Cost** to gradually reduce any unfunded or surplus liability, and **Expenses** expected to be paid from plan assets. If the plan has a sufficiently large surplus, the Past Service Cost may be large enough to cover the Normal Cost, in which case no contribution is required.

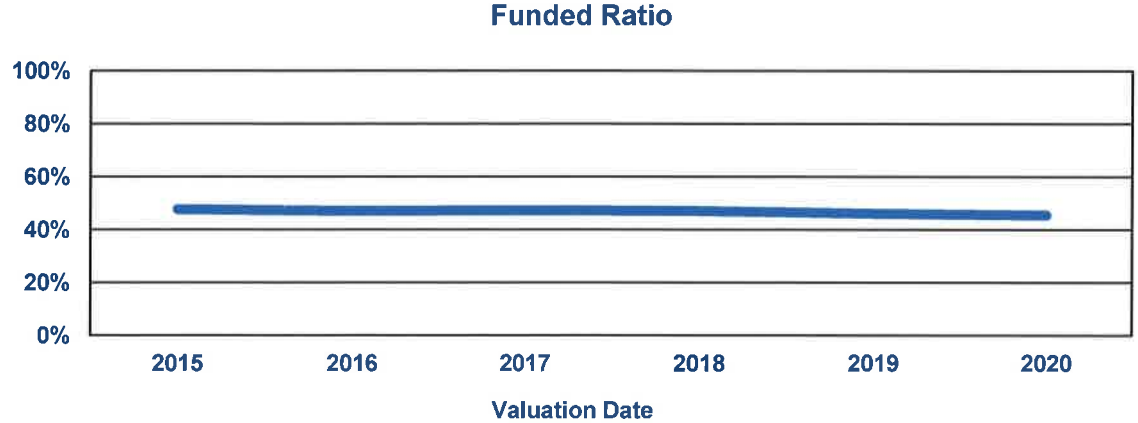
Contribution levels for the current year and the past few fiscal years are shown below.

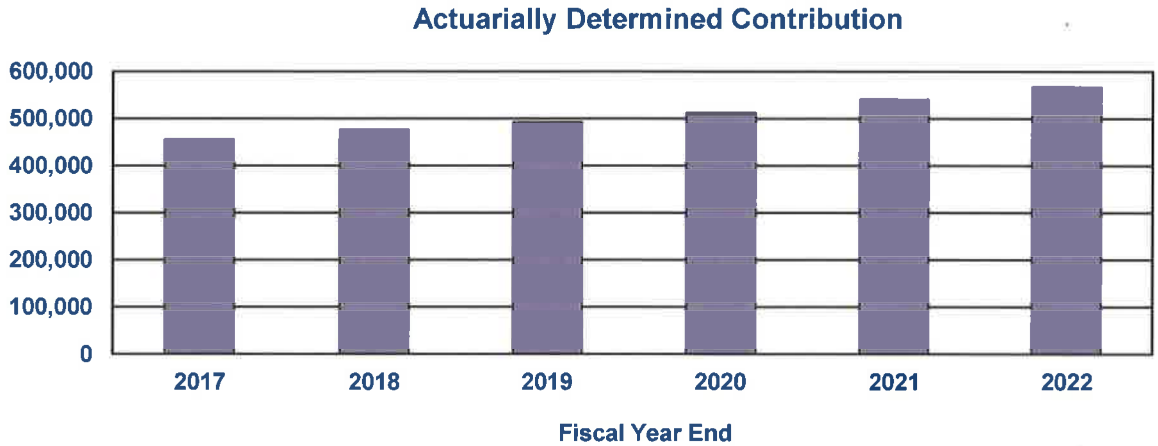


Section I - Executive Summary
A. Highlights

Long Range Forecast

The Town intends to reduce the interest rate assumption gradually over the next several years. This will depress the funded ratio and increase the Actuarially Determined Contribution while that process is underway.





To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Section III C for more details of the long range forecast.

Section I - Executive Summary
B. Summary of Principal Results

Membership	July 1, 2014	July 1, 2015
Active Members	10	10
Terminated Vested Members	2	2
Members in Pay Status	33	31
Payroll	$864,498	$899,426

Assets and Liabilities	July 1, 2014	July 1, 2015
Market Value of Assets	$5,843,728	$5,673,072
Actuarial Value of Assets	5,426,265	5,601,205
Accrued Liability for Active Members	$2,743,115	$3,057,666
Accrued Liability for Terminated Vested Members	384,670	410,905
Accrued Liability for Members in Pay Status	8,508,711	8,242,624
Total Accrued Liability	11,636,496	11,711,195
Unfunded Accrued Liability	6,210,231	6,109,990
Funded Ratio	46.6%	47.8%

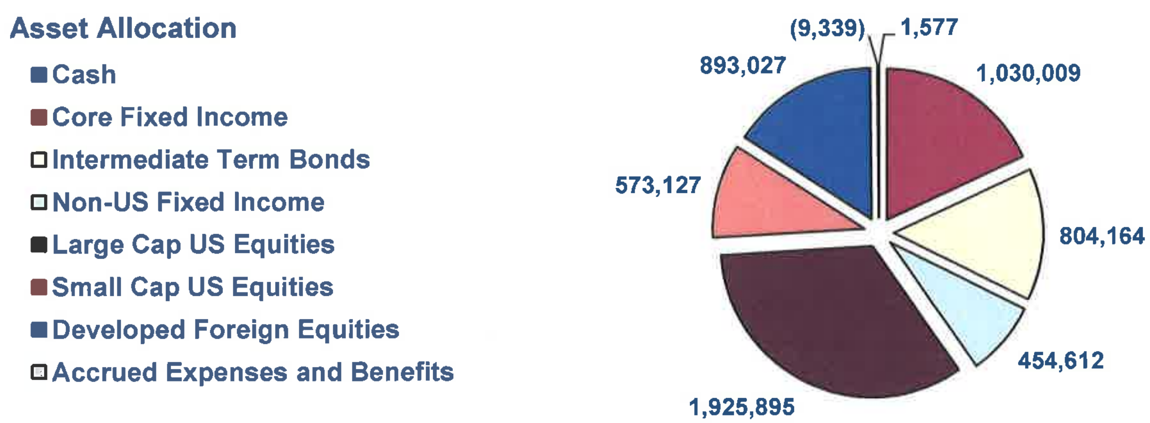
Actuarially Determined Contribution for Fiscal Year	2015-16	2016-17
Normal Cost	$24,196	$27,167
Past Service Cost	420,902	423,591
Expenses	4,300	4,700
Actuarially Determined Contribution	449,398	455,458

Breakdown of Actuarially Determined Contribution	2015-16	2016-17
Board of Education	$61,600	$63,660
Town	387,798	391,798
Total	449,398	455,458

Section II - Plan Assets
A. Summary of Fund Transactions

Market Value as of July 1, 2014	$5,843,728
Employer Contributions	436,353
Employee Contributions	40,014
Benefit Payments	(855,411)
Interest and Dividends	88,562
Capital Gains/(Losses)	155,405
Investment Expenses	(31,034)
Administrative Expenses	(4,545)
Market Value as of July 1, 2015	5,673,072
Approximate Rate of Return	3.77%

Note: The rate shown here is not the dollar or time weighted investment yield rate which measures investment performance. It is an approximate net return assuming all activity occurred on average midway through the fiscal year.



Section II - Plan Assets
B. Development of Actuarial Value of Assets

In order to minimize the impact of market fluctuations on the contribution level, we use an Actuarial Value of Assets that recognizes gains and losses over a five year period. The Actuarial Value of Assets as of July 1, 2015 is determined below.

1.	Expected Market Value of Assets:	
	a. Market Value of Assets as of July 1, 2014	$5,843,728
	b. Employer and Employee Contributions	476,367
	c. Benefit Payments and Administrative Expenses	(859,956)
	d. Expected Investment Return Based on 7.50% Interest	423,607
	e. Expected Market Value of Assets as of July 1, 2015	5,883,746
2.	Actual Market Value of Assets as of July 1, 2015	5,673,072
3.	Market Value (Gain)/Loss: (1e) - (2)	210,674
4.	Delayed Recognition of Market (Gains)/Losses:	

Plan Year End	(Gain)/Loss	Percent Not Recognized	Amount Not Recognized	
06/30/2015	$210,674	80%	$168,539	
06/30/2014	(428,358)	60%	(257,015)	
06/30/2013	(209,989)	40%	(83,996)	
06/30/2012	503,023	20%	100,605	
				(71,867)

5.	Actuarial Value as of July 1, 2015: (2) + (4)	5,601,205
6.	Approximate Rate of Return on Actuarial Value	10.67%
7.	Actuarial Value (Gain)/Loss	(165,936)

Section III - Development of Contribution
A. Past Service Cost

For determining the Past Service Cost, the Unfunded Accrued Liability is amortized as a level percent over a period of 30 years starting on July 1, 2005.

		July 1, 2014	July 1, 2015
1.	Accrued Liability		
	Active Members	$2,743,115	$3,057,666
	Terminated Vested Members	384,670	410,905
	Retired Members	7,278,846	7,136,169
	Disabled Members	161,880	161,279
	Beneficiaries of Deceased Members	1,067,985	945,176
	Total	11,636,496	11,711,195
2.	Actuarial Value of Assets (see Section II B)	5,426,265	5,601,205
3.	Unfunded Accrued Liability: (1) - (2)	6,210,231	6,109,990
4.	Funded Ratio: (2) / (1)	46.6%	47.8%
5.	Amortization Period	21	20
6.	Amortization Growth Rate	3.50%	3.50%
7.	Past Service Cost: (3) amortized over (5)	420,902	423,591

Section III - Development of Contribution
B. Actuarially Determined Contribution

	Fiscal Year 2015-16	Fiscal Year 2016-17
1. Total Normal Cost	$62,041	$66,325
2. Expected Employee Contributions	37,845	39,158
3. Expected Expenses	4,300	4,700
4. Net Normal Cost: (1) - (2) + (3)	28,496	31,867
5. Past Service Cost (see Section III A)	420,902	423,591
6. Actuarially Determined Contribution: (4) + (5)	449,398	455,458

Section III - Development of Contribution
C. Long Range Forecast

This forecast is based on the results of the July 1, 2015 actuarial valuation and assumes that the Town will pay the Actuarially Determined Contribution each year, the assets will return the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

		Values as of the Valuation Date					Cash Flows Projected to the Following Fiscal Year			
Valuation Date	Interest Rate	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio	Fiscal Year Ending	Town Contributions	Employee Contributions	Benefit Payments	Net Cash Flows
7/1/2015	7.375%	$11,711,195	$5,601,205	$6,109,990	47.8%	2017	$455,458	$37,000	($887,000)	($394,542)
7/1/2016	7.250%	11,869,000	5,607,000	6,262,000	47.2%	2018	476,000	34,000	(938,000)	(428,000)
7/1/2017	7.125%	11,997,000	5,691,000	6,306,000	47.4%	2019	493,000	31,000	(957,000)	(433,000)
7/1/2018	7.000%	12,063,000	5,692,000	6,371,000	47.2%	2020	512,000	29,000	(975,000)	(434,000)
7/1/2019	6.875%	12,097,000	5,592,000	6,505,000	46.2%	2021	541,000	27,000	(987,000)	(419,000)
7/1/2020	6.750%	12,094,000	5,522,000	6,572,000	45.7%	2022	567,000	24,000	(1,000,000)	(409,000)
7/1/2021	6.750%	11,935,000	5,455,000	6,480,000	45.7%	2023	588,000	22,000	(1,014,000)	(404,000)
7/1/2022	6.750%	11,747,000	5,396,000	6,351,000	45.9%	2024	609,000	19,000	(1,026,000)	(398,000)
7/1/2023	6.750%	11,527,000	5,336,000	6,191,000	46.3%	2025	630,000	17,000	(1,038,000)	(391,000)
7/1/2024	6.750%	11,274,000	5,280,000	5,994,000	46.8%	2026	654,000	14,000	(1,051,000)	(383,000)
7/1/2025	6.750%	10,987,000	5,225,000	5,762,000	47.6%	2027	677,000	11,000	(1,055,000)	(367,000)
7/1/2026	6.750%	10,660,000	5,174,000	5,486,000	48.5%	2028	703,000	9,000	(1,055,000)	(343,000)
7/1/2027	6.750%	10,304,000	5,138,000	5,166,000	49.9%	2029	731,000	8,000	(1,047,000)	(308,000)
7/1/2028	6.750%	9,919,000	5,123,000	4,796,000	51.6%	2030	763,000	6,000	(1,035,000)	(266,000)
7/1/2029	6.750%	9,514,000	5,143,000	4,371,000	54.1%	2031	797,000	5,000	(1,015,000)	(213,000)
7/1/2030	6.750%	9,091,000	5,208,000	3,883,000	57.3%	2032	835,000	4,000	(990,000)	(151,000)
7/1/2031	6.750%	8,655,000	5,331,000	3,324,000	61.6%	2033	879,000	3,000	(974,000)	(92,000)
7/1/2032	6.750%	8,217,000	5,526,000	2,691,000	67.3%	2034	933,000	2,000	(946,000)	(11,000)
7/1/2033	6.750%	7,764,000	5,796,000	1,968,000	74.7%	2035	1,008,000	1,000	(913,000)	96,000
7/1/2034	6.750%	7,308,000	6,168,000	1,140,000	84.4%	2036	1,148,000	1,000	(896,000)	253,000

For purposes of this forecast the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility.

Section IV - Accounting Information
A. Notes to Required Supplementary Information

The information presented in Section IV has been determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent
Amortization Period	Closed 30 years from July 1, 2005
Asset Valuation Method	5 Year Smoothed Market Value
Actuarial Assumptions	
Investment Rate of Return	7.375%
Projected Salary Increases	3.50%
Amortization Growth Rate	3.50%
Inflation	2.75%
Cost-of-Living Adjustments	None

Section IV - Accounting Information

B. Historical Schedule of Funding Progress

Actuarial Valuation Date	For Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) / (5)
07/01/2006	2007-08	$6,718,388	$8,512,725	$1,794,337	78.9%	$1,132,971	158.4%
07/01/2007	2008-09	7,064,747	8,654,542	1,589,795	81.6%	1,112,489	142.9%
07/01/2008	2009-10	7,368,038	9,392,878	2,024,840	78.4%	1,131,299	179.0%
07/01/2009	2010-11	7,026,255	9,941,593	2,915,338	70.7%	885,459	329.2%
07/01/2010	2011-12	6,563,152	10,057,455	3,494,303	65.3%	814,867	428.8%
07/01/2011	2012-13	6,017,893	10,774,341	4,756,448	55.9%	761,442	624.7%
07/01/2012	2013-14	5,495,997	11,043,839	5,547,842	49.8%	750,544	739.2%
07/01/2013	2014-15	5,303,177	11,515,341	6,212,164	46.1%	841,894	737.9%
07/01/2014	2015-16	5,426,265	11,636,496	6,210,231	46.6%	864,498	718.4%
07/01/2015	2016-17	5,601,205	11,711,195	6,109,990	47.8%	899,426	679.3%

Section IV - Accounting Information
C. Schedule of Employer Contributions

Fiscal Year Ending June 30	(1) Actuarially Determined Contribution	(2) Contribution in Relation to the Actuarially Determined Contribution	(3) Contribution Deficiency/ (Excess) (1) - (2)	(4) Covered Payroll	(5) Contribution as a Percentage of Covered Payroll (2) / (4)
2008	$180,095	$180,095	$0	$1,132,971	15.9%
2009	172,719	172,719	0	1,112,489	15.5%
2010	196,104	196,104	0	1,131,299	17.3%
2011	237,105	237,105	0	885,459	26.8%
2012	286,830	286,830	0	814,867	35.2%
2013	323,910	422,081	(98,171)	761,442	55.4%
2014	382,657	382,657	0	750,544	51.0%
2015	436,353	436,353	0	841,894	51.8%
2016	449,398	TBD	TBD	864,498	TBD
2017	455,458	TBD	TBD	899,426	TBD

Section IV - Accounting Information
D. Accrued and Vested Benefits

The actuarially computed Value of Accrued Benefits represents the present value of (a) the benefits based on earnings and service to date expected to become payable at future dates to present employees, (b) the benefits expected to become payable to former employees who have terminated service with vested rights or who have become inactive, and (c) the benefits currently payable to retired participants and beneficiaries.

	As of July 1, 2014	As of July 1, 2015
1. Value of Vested Benefits		
Active Members	$1,868,625	$2,173,756
Terminated Vested Members	384,670	410,905
Retired Members	7,278,846	7,136,169
Disabled Members	161,880	161,279
Beneficiaries of Deceased Members	1,067,985	945,176
Total Value of Vested Benefits	10,762,006	10,827,285
2. Value of Non-Vested Benefits	30,701	20,287
3. Total Value of Accrued Benefits: (1) + (2)	10,792,707	10,847,572
4. Market Value of Assets	5,843,728	5,673,072
5. Vested Funded Ratio: (4) / (1)	54.3%	52.4%
6. Accrued Funded Ratio: (4) / (3)	54.1%	52.3%

Section IV - Accounting Information
E. Statement of Changes in Accrued Plan Benefits

Increase/(Decrease) during the 2014-2015 plan year attributable to:

Increase for interest due to the decrease in the discount period	$777,955
Benefits Accumulated/(Forfeited)	15,620
Benefit Payments	(855,411)
Plan Amendments	0
Changes in Actuarial Assumptions	116,701
Net Increase/(Decrease)	54,865

Value of Accrued Plan Benefits:

July 1, 2015	$10,847,572
July 1, 2014	10,792,707
Net Increase/(Decrease)	54,865

Section V - Membership Data
A. Reconciliation of Membership from Prior Valuation

Details of the changes in the Plan membership since the last valuation are shown below. Additional details on the Plan membership are provided in the remainder of Section V.

	Active	Term. Vested	Retirees	Disabled	Bene-ficiaries	Total
Count as of July 1, 2014	10	2	27	1	5	45
Terminated not vested	-	-	-	-	-	0
Terminated, benefits due	-	-	-	-	-	0
Retired	-	-	-	-	-	0
Died, with beneficiary	-	-	-	-	-	0
Died, no beneficiary	-	-	(1)	-	(1)	(2)
Transfer in from other plan	-	-	-	-	-	0
New member	-	-	-	-	-	0
New beneficiary	-	-	-	-	-	0
Correction	-	-	-	-	-	0
Count as of July 1, 2015	10	2	26	1	4	43

As of July 1, 2015, the active membership included 3 Board of Education members with payroll of $238,405 and 7 Town members with payroll of $661,021.

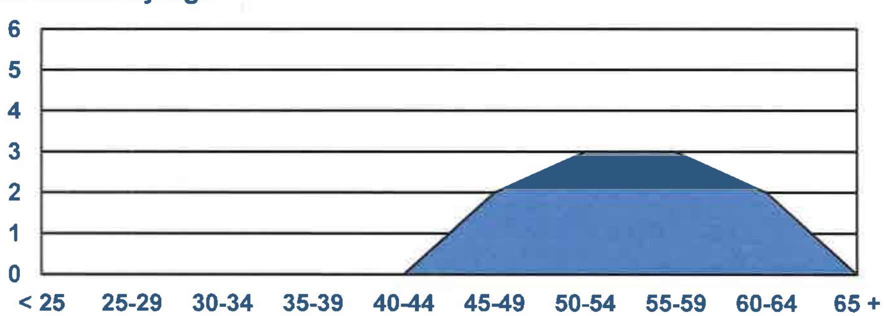
Section V - Membership Data
B. Statistics of Membership

	As of July 1, 2014	As of July 1, 2015
Active Members		
Number	10	10
Average Age	53.9	54.9
Average Service	20.0	21.0
Total Payroll	$864,498	$899,426
Average Payroll	86,450	89,943
Terminated Vested Members		
Number	2	2
Total Annual Benefit	$40,584	$40,584
Average Annual Benefit	20,292	20,292
Average Age	56.5	57.5
Retired Members		
Number	27	26
Total Annual Benefit	$749,958	$726,431
Average Annual Benefit	27,776	27,940
Average Age	71.2	71.3
Disabled Members		
Number	1	1
Total Annual Benefit	$14,577	$14,577
Average Annual Benefit	14,577	14,577
Average Age	63.0	64.0
Beneficiaries of Deceased Members		
Number	5	4
Total Annual Benefit	$127,374	$106,807
Average Annual Benefit	25,475	26,702
Average Age	77.6	76.8

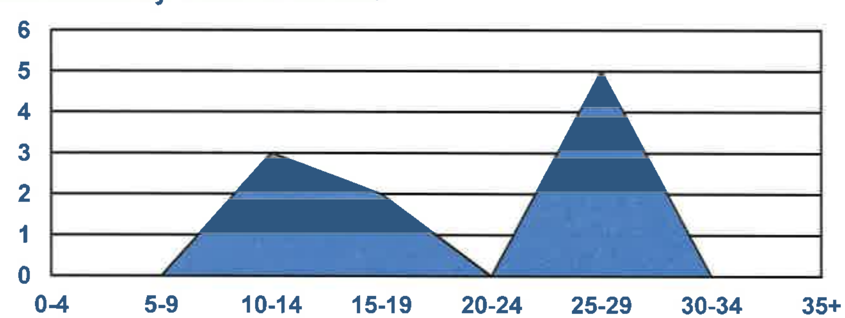
Section V - Membership Data
C. Distribution of Active Members as of July 1, 2015 - Count

	Years of Service								
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
< 25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	1	0	0	1	0	0	2
50-54	0	0	1	1	0	1	0	0	3
55-59	0	0	1	0	0	2	0	0	3
60-64	0	0	0	1	0	1	0	0	2
65 +	0	0	0	0	0	0	0	0	0
Total	0	0	3	2	0	5	0	0	10

Distribution By Age



Distribution by Years of Service

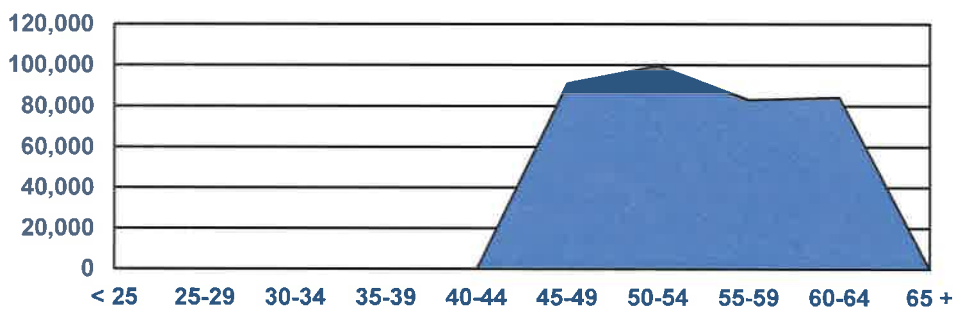


Section V - Membership Data

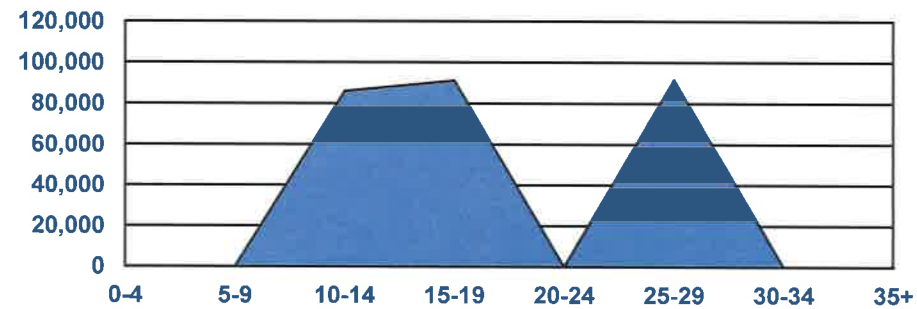
D. Distribution of Active Members as of July 1, 2015 - Average Pay

	Years of Service								
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
< 25	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0
45-49	0	0	101,113	0	0	81,125	0	0	91,119
50-54	0	0	74,437	100,446	0	124,255	0	0	99,713
55-59	0	0	82,843	0	0	83,239	0	0	83,107
60-64	0	0	0	82,097	0	86,633	0	0	84,365
65 +	0	0	0	0	0	0	0	0	0
Total	0	0	86,131	91,272	0	91,698	0	0	89,943

Distribution By Age



Distribution by Years of Service



Section V - Membership Data
E. Distribution of Inactive Members as of July 1, 2015

	Age	Number	Annual Benefits
Terminated Vested Members / Members Due Refunds	< 30	0	$0
	30 - 39	0	0
	40 - 49	0	0
	50 - 59	2	40,585
	60 - 64	0	0
	65 +	0	0
	Total	2	40,585
Retired Members	< 50	0	$0
	50 - 59	1	45,065
	60 - 69	13	391,339
	70 - 79	8	244,505
	80 - 89	3	42,606
	90 +	1	2,916
	Total	26	726,431
Disabled Members	< 50	0	$0
	50 - 59	0	0
	60 - 69	1	14,577
	70 - 79	0	0
	80 - 89	0	0
	90 +	0	0
	Total	1	14,577
Beneficiaries of Deceased Members	< 50	0	$0
	50 - 59	0	0
	60 - 69	1	50,059
	70 - 79	1	43,710
	80 - 89	2	13,037
	90 +	0	0
	Total	4	106,806

Appendix A - Actuarial Funding Method

The actuarial funding method used in the valuation of this Plan is known as the **Entry Age Normal Cost Method**. Recommended annual contributions until the accrued liability is completely funded will consist of two pieces: Normal Cost plus a payment towards the Unfunded Accrued Liability.

The **Normal Cost** is determined by calculating the present value of future benefits for present active Members that will become payable as the result of death, disability, retirement or termination. This cost is then spread as a level percentage of earnings from entry age to termination as an Active Member. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the **Accrued Liability**. In fact, it is calculated by adding the present value of benefits for Retired Members and Terminated Vested Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

The unfunded liability for the plan is the excess of the Accrued Liability over the assets which have been accumulated for the plan. This Unfunded Accrued Liability is amortized as a level percent. Beginning on July 1, 2005, the amortization period is 30 years; the amortization period will decrease each year until it reaches 10 years, after which point it will remain at 10 years.

The **Actuarial Value of Assets** is determined by recognizing asset gains and losses over **five** years.

Appendix B - Actuarial Assumptions

Each of the assumptions used in this valuation was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

Interest

Current: 7.375%

Prior: 7.50%

Salary Scale

3.50%

Amortization Growth Rate

3.50%

Expenses

Administrative expenses paid in the prior year, increased by 3% and rounded to the nearest $100.

Healthy Mortality

RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a margin for improvements in longevity beyond the valuation date.

Turnover

Rates according to the following table:

Age	Rate
20	11.9%
25	11.8%
30	11.0%
35	10.6%
40	9.5%
45	7.5%
50	5.1%
55	1.2%
60	0.3%

Retirement

Rates according to the following table:

Age	Rate
55-59	5%
60-61	10%
62-64	25%
65	35%
66-69	50%
70	100%

Disability

11th Railroad Retirement Board Disability Rates.

Appendix B - Actuarial Assumptions

Disabled Mortality	RP-2000 Disabled Mortality Table, Male and Female. This assumption does not include a margin for improvements in longevity beyond the valuation date.
Marital Status	80% of members are assumed to be married with wives 3 years younger than husbands.

Appendix C - Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Eligibility
Employed for twenty or more hours a week for more than 5 months per calendar year. Employees hired after July 1, 1997 are not covered by this plan.

Final Average Earnings
Highest average earnings received in any three consecutive full calendar years.

Continuous Service
Period of continuous employment with the Town beginning with the first of the month following date of employment.

Aggregate Service
The sum of all periods of Continuous Service.

Member Contributions
4.5% of after tax Earnings. Interest is credited at 4% per annum.

Refund of Employee Contributions with interest to date of termination of employment or death, unless the employee is eligible for a deferred retirement income.

Normal Form of Benefit
Modified Cash Refund.

Normal Retirement Date
Earlier of age 65, or age 55 with completion of 30 years of service.

Normal Retirement Benefit
1.75% of Final Average Earnings not in excess of $10,000 plus 2% of Final Average Earnings in excess of $10,000 multiplied by years of Aggregate Service with a minimum of $750 per year.

Early Retirement Date
Age 55 and 10 years of Continuous Service or 15 years of Aggregate Service.

Early Retirement Benefit
Accrued Benefit, actuarially reduced if payments begin prior to the member's 58th birthday.

Death Benefit Eligibility
Married Member (of at least one year) or with minor children. Age 30 with 5 years of Continuous Service.

Death Benefit
35% of benefit accrued to date of death.

Appendix C - Summary of Plan Provisions

Disability Retirement Eligibility	Ten years of Aggregate Service and not eligible for benefits under the Long Term Disability Contract.
Disability Retirement Benefit	Accrued Benefit, not less than $1,000 per year, payable to the earlier of the end of disability, death or Normal Retirement Date.
Vesting	Prior to July 1, 1989 - Ten years of Continuous Service or 15 years of Aggregate Service. Effective July 1, 1989 - Five years of Continuous Service or 15 years of Aggregate Service.
Termination Benefit	Benefit accrued to date of termination with payment commencing on Normal Retirement Date.